THIRD QUARTER 2020

Earnings conference call

November 6, 2020

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Cautionary statement concerning forward-looking statements

This presentation includes forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of CVS Health Corporation. By their nature, all forward-looking statements are not guarantees of future performance or results and are subject to risks and uncertainties that are difficult to predict and/or quantify. Actual results may differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties related to the COVID-19 pandemic, the geographies impacted by and the severity and duration of the pandemic, the pandemic's impact on the U.S. and global economies and consumer behavior and health care utilization patterns, and the timing, scope and impact of stimulus legislation and other federal, state and local governmental responses to the pandemic, as well as the risks and uncertainties described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the heading "Cautionary Statement Concerning Forward-Looking Statements" in our most recently filed Annual Report on Form 10-K, and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020.

This presentation includes non-GAAP financial measures that we use to describe our company's performance. In accordance with SEC regulations, you can find the definitions of these non-GAAP measures, as well as reconciliations to the most directly comparable GAAP measures, on the Investor Relations portion of our website.

[Link to our non-GAAP reconciliations]

CVSHealth

Transforming health care for consumers

to meet people where they are

We are a different kind of health company with a powerful combination of expertise and health services that is making health care more accessible, affordable and better

Industry leading Managed Care Organization + **Industry leading Pharmacy Benefit Manager** + **Unmatched local community touchpoints**

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Q3'20 highlights

Keeping us on our long-term growth trajectory; Raising FY Adj. EPS guidance to **$7.35 - $7.45**

Q3 Adj EPS of $1.66

Reflects outperformance in PSS

Q3 Revenue growth of 3.5%

Primarily in HCB and Retail/LTC

Raising FY guidance

Adj EPS raised to **$7.35 – $7.45**

Cash flow from operations raised to **$12.75B – $13.25B**

Q3 estimated **COVID** adverse impact of **$0.15 - $0.18** on GAAP diluted and Adj EPS, primarily investments in HCB

YTD Generated $12.3 billion

in cash flow from operations

Committed to disciplined capital allocation priorities

Remain committed to target leverage ratio of

low 3x's in 2022

Paid $4.75 billion in net debt in Q3

Delivering steady progress on our strategic priorities and demonstrating integrated value through new program solutions

Including Aetna Connected Plans and new innovative plan designs

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Accelerating growth through diversified assets

Aetna Connected Plan

- First-of-its-kind health care benefits product launched in Kansas City, MO and rolling out to additional markets in 2021
- Utilizes our broad range of assets to provide a comprehensive set of health services with market leading affordability
- Positive client reception with strong pipeline

Next Gen Diabetes Management

- Designed to improve health outcomes to people living with diabetes (34M in the U.S.)
- Going beyond blood glucose testing to include health screening, medication optimization and adherence, and comorbidity management
- 1M eligible members that have access on 1/1/21 with an active pipeline

Innovative Plan Designs

- Driving pharmacy penetration in 2021 Aetna book to deliver nearly $300M projected incremental revenue
- Low/no copay MinuteClinic® benefit added across Individual MA plans in 2021, including virtual telehealth options on most of our MA plans
- New low-cost PDP product creating an opportunity to grow MA for 2021

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Supporting local community health

Leadership in diagnostic testing and vaccination

COVID-19 Testing

>6M

Tests administered, representing 70% of testing done in a retail setting; 70% of those tested were not previously CVS Pharmacy customers in the past year

Return Ready℠

>70 clients and growing

40% of clients were not previously CVS Health customers

Vaccinations

Expect to play a significant role in <u>all</u> vaccine administration:

- Nearly **13**M seasonal flu vaccines administered in August through October, up 78% YoY
- Selected to administer COVID-19 vaccinations at LTC locations
- Registering patients for several COVID-19 clinical trials

Transforming health care through new health products and services

Pharmacist Panels & Health Advisor

- Operating in >1,000 stores
- Improving health for customers with chronic conditions by reimagining the pharmacist-patient relationship
- 8% lift in adherence, 4% increase in care gap closure, 12% reduction in unnecessary ER visits
- On track to lower medical costs, improve outcomes and benefit our STAR ratings

HealthHUB®

- Nearly 450 HealthHUB locations in ~30 states through end of October
- Expanding clinical offerings to include in-person behavioral health support in 2021
- Utilizing Medicare Resource Centers to support MA enrollment
- YTD ~16% of MinuteClinic visits are for chronic services, up nearly twofold over last year

Virtual Care

- Complementing our HealthHUB locations to meet consumers where they are
- Providing intersection between convenience and efficiency of virtual services with in-person visits at our physical stores
- Our MinuteClinic providers, Aetna network and other partners delivered >13M virtual care visits this year

Q3 2020 Financial Review

Q3 RESULTS

Consolidated results

in millions, except per share data	Q3 2020	Q3 2019	Change %
Total revenues	$67,056	$64,810	3.5%
Adjusted operating income	$3,622	$3,947	(8.2%)
GAAP EPS	$0.93	$1.17	(20.5%)
Adjusted EPS	$1.66	$1.84	(10.1%)
Cash flow from operations	$1,874	$2,928	(36.0%)

Interest expense of **$731 million**

Adjusted effective tax rate of **26.1%**

Weighted-average diluted share count: **1,315 million** shares

COVID-19 reduced Q3 2020 GAAP Diluted EPS and Adjusted EPS by **15 - 18 cents**

Cash flow from operations affected by the timing of certain payments

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Cash flow and capital allocation

Third quarter results demonstrate strong cash flow from operations and liquidity position

Strong cash generation

- **$12.3 billion** YTD cash flow from operations, ~20% growth over prior year
- Cash flow growth is affected by Enterprise performance and working capital improvements
- Commitment to disciplined capital allocation priorities

Ample liquidity with access to ~$9.6 billion

- **~$3.6 billion** of cash and short-term investments at September, 30 2020 held by parent company or nonrestricted subsidiaries
- **$6 billion** available through commercial paper or borrowing capacity under credit facilities

Continue to prioritize paying down debt

- Repaid **$4.75 billion** of net debt during the quarter
- Committed to achieving our low 3x's leverage target in 2022

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Q3 RESULTS

Health Care Benefits segment

in millions, except MBR	**Q3 2020**	**Q3 2019**	**Change %**
Total revenues	$18,698	$17,181	8.8%
Adjusted operating income	$1,080	$1,423	(24.1%)
Total medical membership	23.3	22.8	2.0%
Commercial membership	17.0	17.7	(4.4%)
Government membership	6.3	5.1	24.4%
Medical benefit ratio (MBR)	84.0%	83.3%	(70 bps)

Revenue growth primarily driven by strong membership growth in Government products and HIF

Adjusted operating income decline primarily driven by the planned COVID-19 related investments, costs associated with actions to right size our operations and divestitures of Aetna's PDP and Workers' Compensation business

Medical membership growth driven by increases in Medicare and Medicaid insured products, partially offset by a decline in Commercial products

Higher MBR primarily reflects COVID-19 related investments, shifts in business mix and divestiture of Aetna's PDP, partially offset by reinstatement of HIF

Q3 RESULTS

Pharmacy Services segment

in millions	Q3 2020	Q3 2019	Change %
Total revenues	$35,711	$36,018	(0.9%)
Adjusted operating income	$1,619	$1,439	12.5%
Total pharmacy claims processed[1]	528.2	509.5	3.7%

Note: IngenioRx network revenue recorded on a net basis

1. Total pharmacy claims processed for all periods presented include an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Revenue decline driven by previously disclosed client losses and continued price compression, partially offset by growth in Specialty pharmacy and brand inflation

- **Specialty pharmacy** revenue growth of **6.5%** YoY due to net new business and brand inflation

Adjusted Operating Income growth primarily driven by continued improvement in purchasing economics and Specialty pharmacy growth, partially offset by continued price compression and previously disclosed client losses

Growth in Total Pharmacy Claims Processed[1] primarily due to net new business, partially offset by reduced new therapy prescriptions

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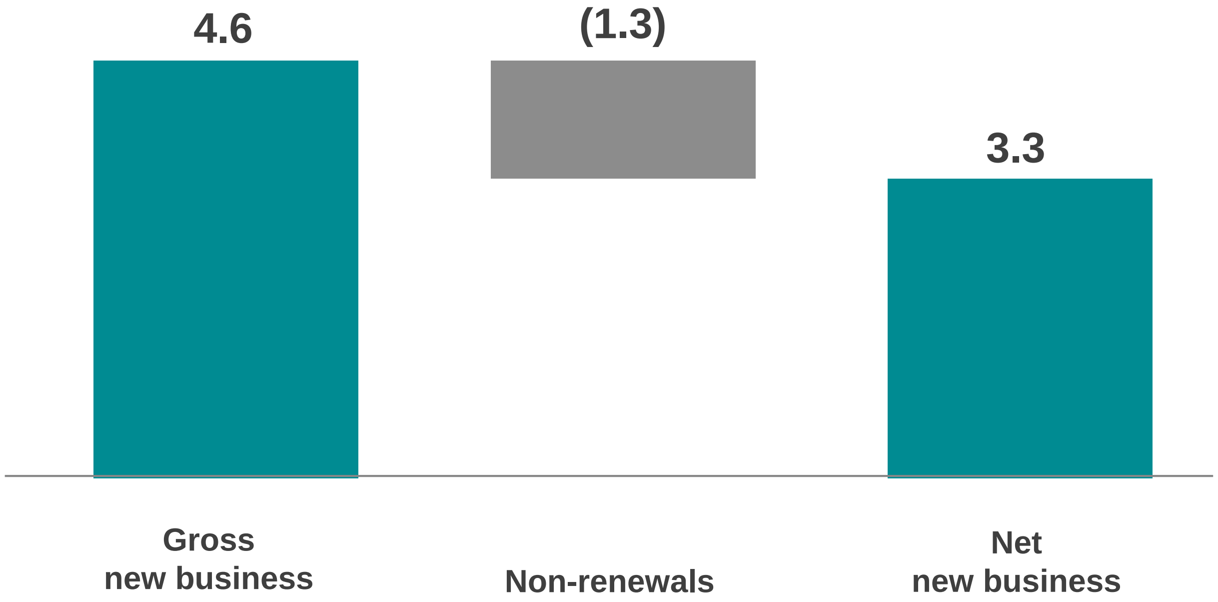
AS OF OCTOBER 2020

2021 PBM selling season

($, billions)



~**$50 billion** up for renewal in 2021 selling season

Selling season largely complete

Retention rate of ~**98%**[1]

Driving pharmacy penetration in 2021 Aetna book to deliver nearly **$300M** in incremental revenue[2]

1. Retention rate is defined as: 1 less (estimated lost revenues from any known terminations plus annualization of any mid-year terminations, divided by estimated PBM revenues for that selling season year) expressed as a percentage.
2. Aetna incremental revenue is not included in the 2021 PBM selling season chart above
3. Chart excludes any impact from Medicaid carve-outs.

Q3 RESULTS

Retail / LTC segment

in millions	Q3 2020	Q3 2019	Change %
Total revenues	$22,725	$21,466	5.9%
Adjusted operating income	$1,412	$1,516	(6.9%)
Prescriptions filled[1]	368.4	352.3	4.6%

1. Retail/LTC prescriptions filled includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.

Revenue growth driven primarily by increased prescription volume, higher Front Store sales, increased diagnostic testing and brand inflation, partially offset by continued reimbursement pressure and impact of recent generic introductions

Adjusted Operating Income decline due to continued reimbursement pressure, incremental COVID-19 related operating expenses and declines in LTC, partially offset by increased pharmacy and Front Store volume, improved generic drug purchasing and increased diagnostic testing

CarePass now has 3.4 million members, growth of 22% from last quarter. Continues to have a strong retention rate

Q3 RESULTS

Retail pharmacy

	Change vs. Q3 2019
Same store sales[1]	5.7%
Pharmacy sales	6.7%
Pharmacy adjusted prescription volume[2]	5.8%
Front Store sales	2.2%
Retail pharmacy script share of 27.1%[2, 3]	Up ~30 bps

Same store sales growth driven by strength in Pharmacy; Retail pharmacy script share increased

Growth in prescriptions filled primarily driven by continued adoption of patient care programs. Prescriptions filled were adversely impacted by COVID-19 which resulted in reduced new therapy prescriptions, partially offset by greater use of 90-day prescriptions and increased immunizations

Front Store sales growth primarily due to strength in consumer health sales and increased basket size, partially offset by reduced customer traffic

1. Same store sales and prescription volume exclude revenues from MinuteClinic and revenues and prescriptions from long-term care operations.
2. Retail pharmacy prescriptions filled includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.
3. Source: IQVIA retail pharmacy script data for Q3 2020

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Estimated impact of COVID-19 on Q3 financials

Pharmacy Services

- Prescription volume impacted by reduction in new therapy prescriptions
- Acceleration of prescriptions in September as members refilled 90-day prescriptions

Retail / LTC

- Prescription volume impacted by reduction in new therapy prescriptions
- Acceleration of prescriptions in September as members refilled 90-day prescriptions
- Increase in diagnostic testing
- Incremental costs for operations

Health Care Benefits

- Planned investments made in our customers and members and provisions for potential payments to clients and plan sponsors for contractual and regulatory requirements
- Utilization continued at more normal levels with select geographies affected by COVID-19 waves

COVID-19 related business activity adversely affected Q3 2020 GAAP diluted EPS and Adjusted EPS by **15 - 18 cents**

October Business Update

October business update

	2020 vs. 2019				
	June	July	August	September[3]	October[3]
Retail same store sales[1]	7.1%	4.6%	4.6%	8.0%	3.9%
Pharmacy sales	9.2%	4.5%	5.5%	10.2%	5.1%
Pharmacy adjusted prescription volume[2]	7.0%	5.2%	3.1%	9.3%	3.3%
Front Store sales	0.4%	4.7%	1.5%	0.5%	(0.2%)
Pharmacy Services total claims processed[2]	12.4%	1.9%	2.5%	6.6%	(1.2%)
HCB decreases in utilization across an array of services	(~5%)	~0%	~0%	(0 - 5%)	(0 - 5%)

1. Same store sales and prescription volume exclude revenues from MinuteClinic and revenues and prescriptions from long-term care operations and, in 2019, from stores in Brazil.
2. Includes an adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions.
3. September HCB utilization and all October 2020 information is preliminary.

October Commentary

Reduced cough and cold sales in Front Store, as well as lower prescriptions and MinuteClinic® visits given lower flu-like illness in October

Adjusted prescription volume and total claims processed benefited from our flu vaccination program

Higher weekly COVID-19 testing volume in Retail/LTC

Medical utilization continued at more normal levels but varied by geography and line of business

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2020 Guidance

Guidance: 2020 Full Year

Enterprise Outlook

in millions, except per share data	Nov 6th FY20 Guidance	Sept 15th FY20 Guidance
GAAP EPS	\$5.60 – \$5.70	\$5.16 – \$5.29
Adjusted EPS	\$7.35 – \$7.45	\$7.14 – \$7.27
Cash flow from operations	\$12,750 – \$13,250	\$11,000 – \$11,500

Raised FY20 Adj EPS reflects outperformance and COVID-19 related planned investments in Q4

FY20 Baseline Adjusted EPS of \$7.10 reflects the mid-point of our initial 2020 guidance. The baseline is adjusted for prior years' development, net realized capital gains, the COVID-19 impact and the divested Workers' Compensation business

Raised FY20 cash flow from operations reflects underlying performance and working capital improvements

GAAP Guidance includes October receipt of \$313M under ACA risk corridor program. The income from this payment is excluded from our non-GAAP guidance

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2020 Fourth Quarter

Enterprise Outlook

Fourth Quarter Outlook

HCB:
- Expect medical utilization to continue at more normal levels with select geographies affected by COVID-19 waves
- Investments discussed have greater impact in Q4 relative to Q3
- Expect to incur seasonal costs in Q4 related to readiness for 1/1

PSS:
- Expect to continue to deliver operating income growth, including strong Specialty pharmacy performance and higher costs associated with 1/1 readiness

Retail/LTC:
- In October we experienced reduced cough and cold sales in Front Store and lower MinuteClinic visits and prescriptions for flu and flu-like symptoms
- We expect to have lower flu vaccinations for the remainder of the fourth quarter due to the acceleration of our programs, partially offset by continued benefits from our expanded COVID-19 testing

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